

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

GERALD JACKSON, ROSLYN JACKSON
and DEAN MELLOM, individually and on
behalf of all others similarly situated,

Plaintiffs,

v.

THE ALIERA COMPANIES, INC., a
Delaware corporation; ALIERA
HEALTHCARE, INC., a Delaware
corporation; TRINITY HEALTHSHARE,
INC., a Delaware corporation,

Defendants.

NO. 2:19-cv-1281

CLASS ACTION COMPLAINT

I. PARTIES

1. Plaintiffs GERALD and ROSLYN JACKSON are citizens of Washington state and residents of Lynnwood, Washington in Snohomish County. Mr. and Mrs. Jackson were enrolled in Alieria Healthcare/Trinity Healthshare at all times relevant to this Complaint.

2. Plaintiff DEAN MELLOM is a citizen of Washington state and a resident of Stanwood, Washington in Snohomish County. Mr. Mellom was enrolled in Alieria Healthcare/Trinity Healthshare at all times relevant to this Complaint.

1 10. Venue is proper because some of the acts or omissions occurred in the
2 district and the named Plaintiffs and many of the proposed Plaintiff class members
3 reside in the district.

4 **III. NATURE OF THE CARE**

5 11. Defendants unfairly and deceptively marketed, sold and administered
6 unauthorized insurance plans to Washington residents without having obtained the
7 required approval for insurance plan(s) from the Washington state Insurance
8 Commissioner.

9 12. The unauthorized insurance plans marketed, sold, and administered by
10 Defendants did not meet the minimum benefits, coverage and other requirements for
11 health insurance in Washington state. As a result, the insurance plans sold to Plaintiffs
12 and class members were illegal contracts.

13 13. Defendants' representations that the insurance plans were HCSM plans
14 was unfair and deceptive. At no relevant time did the Defendants' plans meet the
15 requirements for HCSMs.

16 14. Plaintiffs, on behalf of the class they seek to represent, filed this lawsuit to
17 obtain declaratory and injunctive relief to prevent Defendants from continuing to
18 market, sell and administer unauthorized and illegal health insurance plans in
19 Washington state. On behalf of the proposed class and on their own behalf, Plaintiffs
20 also seek damages related to uncovered health care expenses, premiums paid and other
21 losses due to Defendants' marketing, sale and administration of unauthorized health
22 insurance plans.

IV. CLASS ALLEGATIONS

15. *Definition of Class:* Pursuant to Fed. R. Civ. P. 23, Plaintiffs bring this action on behalf of themselves and all persons similarly situated. The proposed Class is defined as follows:

All Washington residents who purchased insurance plans from any of Defendants that purported to be “health care sharing ministry” plans at any time since June 27, 2018, where the plans were not approved or authorized for sale by the Washington Office of the Insurance Commissioner.

16. *Size of the Class:* The Plaintiffs’ proposed class are so numerous that joinder of all members is impracticable. Alieria represents that it has 100,000 members nationwide and, based upon information and belief, thousands of those members were or are Washington state residents enrolled in the sham Trinity HCSM plan(s).

17. *Common Questions of Fact and Law:* There are questions of law and fact that are common to all class members including: (1) whether the healthcare products that the Defendants marketed, sold and administered to class members met the legal requirements of a HCSM under 26 U.S.C. §5000A; (2) whether Washington Insurance law and regulations forbid the marketing, sale and administration of health care products that engage in the “business of insurance” without authorization or other legal exception; (3) whether Defendants failed to obtain proper authorization for the marketing, sale and administration of an insurance product in Washington state; (4) whether class members are entitled to (a) rescission of the plan(s) and refund of all premiums paid and/or (b) reformation of the plans in compliance with the minimum insurance coverage requirements of Washington state, and processing of all claims for expenses and costs incurred that would have been covered had the plan(s) properly complied with Washington insurance law; (5) whether Defendants’ actions were “unfair” and “deceptive” under the Washington Consumer Protection Act; and

(6) whether class members are entitled to other damages, including statutory treble damages, resulting from defendants' unfair and deceptive acts.

18. ***Class Representatives:*** The claims of the named Plaintiffs are typical of the claims of the proposed class as a whole resulting from Defendant's sale unauthorized insurance plan(s). The named Plaintiffs will fairly represent and adequately protect the interests of the class members because each of them have been subjected to the same practices as other class members and suffered similar injuries. The named Plaintiffs do not have interests antagonistic to those of other class members as to the issues in this lawsuit.

19. ***Separate Suits Would Create Risk of Varying Conduct Requirements.*** The prosecution of separate actions by class members against Alieria/Trinity would create a risk of inconsistent or varying adjudications with respect to individual class members that would establish incompatible standards of conduct. Certification is therefore proper under Fed. R. Civ. P. 23(b)(1).

20. ***Defendants Have Acted on Grounds Generally Applicable to the Class.*** Defendants Alieria and Trinity have uniformly marketed, sold and administered unauthorized health insurance plans, misrepresenting the plans as HCSM plans. Defendants have acted on grounds generally applicable to the proposed class, rendering declaratory and injunctive relief appropriate respecting the whole class. Certification is therefore proper under Fed. R. Civ. P. 23(b)(2).

21. ***Questions of Law and Fact Common to the Class Predominate Over Individual Issues.*** The claims of the individual class members are more efficiently adjudicated on a class-wide basis. Any interest that individual members of the class may have in individually controlling the prosecution of separate actions is outweighed by the efficiency of the class action mechanism. Upon information and belief, no class action

1 suit is presently filed or pending against Alieria/Trinity for the relief requested in this
 2 action. Issues as to Alieria's and Trinity's conduct in applying standard marketing, sales
 3 and administration practices towards all members of the class predominate over
 4 questions, if any, unique to members of the class. Certification is therefore additionally
 5 proper under Fed. R. Civ. P. 23(b)(3).

6 22. *Venue.* This action can be most efficiently prosecuted as a class action in
 7 the Western District of Washington, where Defendants do business and where Plaintiffs
 8 reside. The case is properly assigned to the Western District of Washington in Seattle
 9 because the claims of the named Plaintiffs arose in Snohomish County Washington
 10 where Plaintiffs reside.

11 23. *Class Counsel.* Named Plaintiffs have retained experienced and
 12 competent class counsel.

13 **V. FACTUAL BACKGROUND**

14 24. During certain times on and after June 27, 2018, when Defendant Trinity
 15 was incorporated, Plaintiffs and members of the class have been, are or will be enrolled
 16 in healthcare products marketed, sold, and administered by Defendants that Defendants
 17 claimed were HCSM plans.

18 *Alieria Created Trinity as a Sham Health Care Service Ministry* 19 *to Avoid ACA and State Insurance Requirements*

20 25. Defendant Alieria Healthcare, Inc. was incorporated in the State of
 21 Delaware by Shelley Steele and her husband Timothy Moses and their son Chase Moses.

22 26. Its scope of business was "to engage in the business of providing all models
 23 of Health Care to the general public" and "to cultivate, generate or otherwise engage in the
 24 development of ideas or other businesses. To buy, own or acquire other businesses, to
 25 market and in any way improve the commercial application to the betterment and pecuniary
 26 gain of the corporation and its stockholders ..."

1 27. Alieria Healthcare, Inc. does not include any discussion of religious or
2 ethical purpose or mission in its incorporation documents.

3 28. Alieria contracted with Unity Healthshare LLC ("Unity") from
4 approximately February 1, 2017 to on or about August 10, 2018.

5 29. Unity was an LLC created and wholly owned by Anabaptist Health Share.

6 30. The Centers for Medicare and Medicaid Services ("CMS") provided a letter
7 to Anabaptist Health Share that it met the requirements under 26 U.S.C. § 5000A to
8 operate a HCSM. Specifically, CMS found that Anabaptist Health Share had been "in
9 existence at all times since December 31, 1999 and medical expenses of its members have
10 been shared continuously and without interruption since December 31, 1999."

11 31. The United States Department of Health and Human Services certified that
12 Anabaptist Health Share was an HCSM.

13 32. The contract between Alieria and Unity allowed Alieria to offer health
14 products to the public that did not meet the insurance benefit and coverage requirements
15 required by the Affordable Care Act and/or state insurance mandates, pursuant to 26
16 U.S.C. § 5000A. In return, Alieria's customers would join the Unity HCSM, increasing
17 members to the Anabaptist Health Share.

18 33. Under the contract, Alieria was to retain only \$25 per member per month
19 for its administrative services to Unity.

20 34. Under the contract, Alieria was responsible for maintaining and
21 segregating the assets received that were reserved for payment of benefits to Unity
22 members.

23 35. In 2018, Anabaptist Health Share learned that Alieria had not properly
24 maintained assets reserved for payment of benefits and requested an accounting of the
25 assets.
26

1 36. On July 25, 2018, Anabaptist Health Share requested that Alieria turn over
2 control of all Unity funds.

3 37. On August 10, 2018 Anabaptist Health Share and Unity terminated the
4 agreement with Alieria.

5 38. Trinity was created by Alieria and its principals on or about June 27, 2018.

6 39. Trinity was created to be an alternative HCSM for Alieria to Unity.

7 40. The CEO of Trinity was a former Alieria employee, William Rip Theede, III.

8 41. Mr. Theede was also a close family friend of the Moses family and
9 officiated at Chase Moses' wedding.

10 42. On or about August 13, 2018, Alieria signed an agreement with Trinity to
11 provide marketing, sale and administration of HCSM plans.

12 43. According to the agreement, Trinity had no members in its HCSM at that
13 time.

14 44. Alieria issued a notice to Unity members on November 15, 2018 to
15 "announce" its new HCSM partner, Trinity.

16 45. A lawsuit between Alieria and Anabaptist Health Share/Unity was filed in
17 Superior Court of Fulton County Georgia in late 2018. *See Alieria Healthcare v. Anabaptist*
18 *Health Share et al.*, No. 2018-cv-308981 (Hon. Alice D. Bonner, Ga. Sup. Ct.).

19 46. As a result of the lawsuit, a court-ordered Receiver now monitors Alieria's
20 administration of HCSM assets and benefits for Unity members. *See Appendix A*, Order
21 Entering Interlocutory Injunction and Appointing Receiver dated April 25, 2019.

22 ***Alieria/Trinity Market, Sell and Administer Sham HCSM Plans***

23 47. After Trinity was created, Alieria and Trinity marketed, sold and
24 administered sham HCSM plans.

1 48. Defendants recruited prospective agents to sell their sham HCSM plans,
2 offering the opportunity to sell “the next generation of healthcare products” and
3 suggesting that they can offer employers “a healthcare plan that saves money.”

4 49. Their advertisement for prospective agents does not mention a religious or
5 ethical component for purchasers of these plans.

6 50. The training materials for agents does not mention a religious motivation
7 for agents-in-training nor for would-be purchasers of these plans.

8 51. While prospective agents must take a training assessment, the questions
9 asked in the assessment do not address any religious or ethical motivation.

10 52. In a video posted to YouTube dated November 1, 2018, an unidentified
11 Alieria trainer for new or prospective agents discussed the Alieria Healthcare Enrollment
12 Process.

13 53. According to the video, in order to enroll in Alieria, the consumer must
14 positively respond to a number of questions.

15 54. The first question asks if the consumer agrees with Trinity’s “statement of
16 faith:”

17 **At the core of what the Healthcare Sharing Ministry does,**
18 **and how they relate to and engage with one another as a**
19 **community of people is a set of common beliefs.**

20 1. We believe that our personal rights and liberties originate
21 from God and are bestowed on us by God. 2. We believe that
22 every individual has a fundamental religious right to
23 workshop God in his or her own way. 3. We believe it is our
24 moral and ethical obligation to assist our fellow man when
25 they are in need according to our available resources and
26 opportunity. 4. We believe it is out spiritual duty to God and
 our ethical duty to others to maintain a healthy lifestyle and
 avoid foods, behaviors or habits that produce sickness or
 disease to ourselves or others. 5. We believe it is our
 fundamental right of conscience to direct our own healthcare,

in consultation with physicians, family or other valued advisors.

- o Yes
- o No

55. The training explains what the “statement of faith” means:

Just to give you a general overall synopsis of what it's saying ... It basically is saying that you believe in a higher power. It doesn't necessarily have to be a Christian God, or a Buddhist God, or a Jewish God. It doesn't ... it doesn't matter as long as we all believe that there is a higher power and we're all living our life that the best way that we possibly can. We're maintaining a healthy lifestyle. We're trying to avoid those types of foods, behaviors, habits - things that, you know, cause us illness that are in our control.

As long as we're doing those types of things, we're all like-minded individuals. So if you feel that way, and you are a like-minded individual, that's all we're trying to find out. And, if you are, you're gonna say, “Yes,” you believe in the five same statement of beliefs that we all do.

56. The same “statement of faith” is included in the Alieria Healthcare marketing brochure received by at least one of the named Plaintiffs. *See Appendix B.*

57. The “statement of faith” in the Alieria/Trinity marketing brochure and training materials is different from that in Trinity’s own bylaws.

58. Under the agreement between Alieria and Trinity, Alieria has the contractual right to “agree upon” Trinity’s statement of faith.

*Washington Office of the Insurance Commissioner's
Investigation of Alieria and Trinity*

59. The Washington Office of the Insurance Commissioner (“OIC”) received more than a dozen consumer complaints about Alieria/Trinity in 2018-2019.

1 60. It conducted a formal investigation in response to the complaints and
2 concluded that Trinity did not meet the statutory definition of a HCSM under state and
3 federal law. *See Appendix C.*

4 61. The OIC further concluded that Alieria acted as an unauthorized health
5 care service contractor without being registered and was doing business as an unlicensed
6 discount plan organization.

7 62. The OIC also found that Alieria's advertisements on behalf of Trinity were
8 deceptive and had the capacity to mislead or deceive consumers into believing that they
9 purchased insurance.

10 63. On May 13, 2019, the OIC issued "Orders to Cease and Desist" to Alieria
11 and Trinity. *See Appendices D and E.*

12 ***Plaintiffs Were Sold Sham Products by Alieria/Trinity***
13 ***That Did Not Provide the Benefits Promised***

14 64. Plaintiff Dean Mellom enrolled in AlieriaCare in January 1, 2018, while
15 Alieria partnered with Unity.

16 65. His plan through Alieria/Unity was transferred to Alieria/Trinity in
17 October 1, 2018.

18 66. His monthly premium payments were approximately \$473.88 per month.
19 *See Appendix F.*

20 67. Mr. Mellom received what he believed was an insurance card from
21 Alieria/Trinity. *See Appendix G.* The insurance card stated that AlieriaCare Trinity was
22 a "Health Care Sharing Ministry *recognized pursuant to 26 U.S.C. § 5000A(d)(2)(B)*" even
23 though Trinity was not certified or "recognized" by any government agency as an
24 HCSM.

68. Mr. Mellom's claims for coverage of various health procedures, including surgery, were denied due to a 24-month waiting period. Had AlierCare Trinity complied with Washington law, it could not impose a 24-month waiting period.

69. Mr. Mellom has been forced to pay, out-of-pocket, for services he understood would be covered by AlierCare Trinity. He continues to be pursued for these debts.

70. Plaintiffs Gerald and Roslyn Jackson enrolled in AlierCare with Trinity on January 1, 2019.

71. The Jacksons paid a monthly premium of \$1,205.77 to AlierCare.

72. They received an insurance card that stated that AlierCare was a "Health Care Sharing Ministry *recognized pursuant to 26 U.S.C. § 5000A(d)(2)(B)*" even though neither AlierCare or Trinity Care were certified or "recognized" by any government agency as an HCSM. *See Appendix H.*

73. Mrs. Jackson requires a monthly infusion to treat her arthritis, and is followed by the Seattle Arthritis Clinic at Northwest Hospital and Medical Center, UW Medicine.

74. When UW Medicine submitted its claims for Mrs. Jackson's March 2019 infusion and other treatment, all of the claims were denied in full.

75. The Jacksons have been forced to pay, out-of-pocket, for services that would have been covered by AlierCare had it complied with Washington law. They continue to be pursued for these debts.

VI. CLAIMS FOR RELIEF

A. Illegal Contract

76. Plaintiffs reallege all prior allegations as though fully stated herein.

77. Defendants sold Plaintiffs and all members of the proposed class unauthorized health insurance plan(s) in violation of Washington law. Plaintiffs and all members of the proposed class are entitled to either (a) rescission of the illegal contract(s) and return of the insurance premiums paid; or (b) reformation of the illegal contract(s) to comply with the mandatory minimum benefits and coverage required under Washington law.

B. Violation of the Washington Consumer Protection Act

78. Plaintiffs reallege all prior allegations as though fully stated herein.

79. Defendants' marketing, sale and administration of unauthorized health insurance plan(s) to class members constitutes unfair and deceptive acts under the Washington Consumer Protection Act. Under the Act, Plaintiffs and members of the proposed class are entitled to damages, injunctive relief, statutory treble damages (up to \$25,000 for each violation) and attorneys' fees and costs.

VII. PRAYER FOR RELIEF

80. WHEREFORE, Plaintiffs request that this Court:

(a) Certify that this action may proceed as a class action as defined in ¶15 above;

(b) Designate Mr. and Mrs. Jackson and Mr. Mellom as class representatives and designate Michael David Myers, Myers & Company, PLLC, and Richard E. Spoonemore and Eleanor Hamburger, Sirianni Youtz Spoonemore Hamburger PLLC, as class counsel;

(c) Declare that Defendants' unauthorized health insurance plans were and are illegal contracts;

(d) Declare that Defendants' actions as alleged herein towards the members of the class violate the Washington Consumer Protection Act;

(e) Order Defendants to (a) rescind the unauthorized health insurance plans and refund all premiums improperly received from members of the proposed class, including interest; or, at the option of any class member (b) reform the unauthorized health insurance plans to comply with the minimum mandatory benefits required under the relevant state insurance code, permit class members to submit claims for medical services, costs and other expenses that would have been covered;

(f) Order payment of all other expenses causally related to Defendants' unfair and deceptive acts;

(g) Order treble damages up to \$25,000 for each CPA violation;

(h) Order payment of reasonable attorneys' fees; and

(i) Grant such other relief as this Court may deem just, equitable and proper.

DATED: August 14, 2019.

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